



PRESS RELEASE
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For Immediate Release

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FORMER LAKE CITY TAX PREPARER SENTENCED FOR TAX FRAUD SCHEME

Jacksonville, Florida - U.S. District Judge Harvey E. Schlesinger, today sentenced forty (40) year-old Lake City resident Morris Hines, a/k/a Jonathon William Morris II, to 63 months imprisonment for making false claims against the Internal Revenue Service (IRS) and identity theft. The Court also sentenced Hines to serve three (3) years on supervised release following imprisonment, entered a personal money judgment against Hines in the amount of \$152,171, and ordered Hines to pay \$152,171 in restitution to the IRS.

According to court documents, from April 2003 through April 2004, Hines worked as a tax return preparer for Jackson Hewitt, and later for his own business, Compro-Tax, in Lake City, Florida. During this time, the defendant prepared and submitted to the IRS more than 80 fraudulent federal income tax returns for the tax years 2000, 2001, 2002, and 2003, seeking bogus refunds totaling more than \$400,000, of which \$152,171 was paid out by the IRS. To carry out this scheme, Hines used the internet to obtain personal information, including names and dates of birth, for at least 150 Florida inmates from the

Florida Department of Corrections' online database. Hines then used the Internet to search other online public records to obtain the inmates' social security numbers. Hines used this information to prepare and file false tax returns under the inmates' names and social security numbers, without the knowledge or permission of the inmates. Using his knowledge as a tax preparer, Hines was able to prepare tax returns falsely claiming exemptions for dependents, the Earned Income Credit, and the Fuel Tax Credit. In addition, Hines prepared false Form 1099's from fictitious companies to support business income reported on Schedule C's filed with the false tax returns. Hines filed the false tax returns both by mail and electronically through online tax preparation services, specifying his address or an address that he controlled for receipt of requested refunds.

When Hines received refund checks, he would endorse the checks in the inmates' names and deposit them into bank accounts he controlled under the names Compro-Tax and Jonathon W. Morris. Hines spent the proceeds on personal expenses, trips, vacations, and equipment and supplies for a pizza shop he was opening.

In addition to the bogus refund scheme described above, Hines prepared and filed falsified tax returns on behalf of legitimate clients of Compro-Tax. Unbeknownst to these clients, Hines falsely indicated on their returns that the taxpayers were blind, thereby improperly increasing their otherwise legitimate tax refunds.

The case was investigated by the Internal Revenue Service - Criminal Investigation Division. The case was prosecuted by Assistant United States Attorney Scot Morris.